

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE

JOSHUA JARRETT and)	
JESSICA JARRETT,)	Case No. 3:21-cv-00419
)	
Plaintiffs,)	
)	
v.)	
)	
UNITED STATES OF AMERICA,)	
)	
Defendant.)	
_____)	

ANSWER

The United States answer and responds to the complaint as follows:

FIRST DEFENSE

The complaint fails to state a claim upon which relief can be granted.

SECOND DEFENSE

The United States responds to the allegations set forth in the numbered paragraphs in the complaint as follows:

1. The United States admits the allegations in paragraph 1.
2. The United States admits the allegations in the first sentence of paragraph 2; it lacks knowledge or information sufficient to form a belief as to the truth of the remainder of the paragraph.
3. The United States denies that participants create new Tezos tokens and lacks knowledge or information sufficient to form a belief as to the truth of the remaining

allegations in paragraph 3. The United States avers that Tezos purports to use a delegated proof-of-stake protocol.

4. The United States denies that Joshua Jarrett created 8,876 new Tezos tokens and admits the remaining allegations in paragraph 4.

5. The United States denies that Joshua Jarrett created new Tezos tokens in 2019, and admits the remaining allegations in the first sentence of paragraph 5. The United States lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the second sentence of paragraph 5. The United States avers that Joshua Jarrett exchanged Tezos tokens for good and/or services during 2019.

6. The first sentence of paragraph 6 states a legal conclusion; to the extent a response is required, the United States denies the allegations in the first sentence of paragraph 6. The United States denies the remaining allegations in paragraph 6.

7. The first sentence of paragraph 7 states a legal conclusion; to the extent a response is required, the United States denies the allegation in the first sentence of paragraph 7. The United States denies the remaining allegations in paragraph 7.

8. The United States denies the allegations in paragraph 8.

9. The United States admits the allegations in paragraph 9.

10. The United States admits the allegations in paragraph 10.

11. The United States admits the allegations in paragraph 11.

12. Paragraph 12 states a legal conclusion; to the extent a response is required, the United States admits the allegations in paragraph 12.

13. Paragraph 13 states a legal conclusion; to the extent a response is required, the United States admits the allegations in paragraph 13.

14. The United States denies that the disputed federal income taxes were erroneously assessed and admits the remaining allegations in paragraph 14.

15. The United States lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 15.

16. The United States admits the allegations in paragraph 16.

17. The United States admits the allegations in paragraph 17. The United States avers that the Tezos network uses a delegated proof-of-stake protocol.

18. The United States lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 18.

19. The United States lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 19.

20. The United States lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 20.

21. The United States denies that Joshua Jarrett created new Tezos tokens and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 21.

22. The United States denies that Joshua Jarrett created new Tezos tokens and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 22.

23. The United States denies that Joshua Jarrett created new Tezos tokens and

lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 23.

24. Paragraph 24 states a legal conclusion; to the extent a response is required, the United States denies the allegations in paragraph 24.

25. The United States admits the allegations in paragraph 25.

26. The United States admits that Plaintiffs filed a form 1040-X, but denies that Plaintiffs filed the return on July 31, 2020. The United States denies that Joshua Jarrett created new Tezos tokens, and admits the remaining allegations in paragraph 26.

27. To the extent paragraph 27 alleges that the United States did not formally deny Plaintiffs' administrative claim for refund, the United States admits the allegations in paragraph 27, otherwise it denies the allegations.

28. The United States admits the allegations in paragraph 28.

29. The United States lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 29.

30. Paragraph 30 states a legal conclusion; to the extent a response is required, the United States denies that virtual currency is in all instances property for the purpose of U.S. tax law.

31. Paragraph 31 states a legal conclusion; to the extent a response is required, the United States denies the allegations in paragraph 31.

32. Paragraph 32 states a legal conclusion; to the extent a response is required, the United States denies the allegations in paragraph 32 because it is an incomplete statement of the law.

33. Paragraph 33 states legal conclusions; to the extent a response is required, the United States admits that 26 U.S.C. § 61(a) provides a nonexclusive list of types of income that are included within gross income, avers that the cited statute speaks for itself, and denies the remaining allegations in paragraph 33.

34. Paragraph 34 states a legal conclusion; to the extent a response is required, the United States denies the remaining allegations in paragraph 34.

35. Paragraph 35 states legal conclusions; to the extent a response is required, the United States admits that the quoted phrase is correctly quoted, denies plaintiff's characterization of the cited case, avers that the cited case speaks for itself, and denies the remaining allegations in paragraph 35.

36. Paragraph 36 states legal conclusions; to the extent a response is required, the United States admits that the quoted phrase is correctly quoted, denies plaintiff's characterization of the cited case, avers that the cited case speaks for itself, and denies the remaining allegations in paragraph 36.

37. Paragraph 37 states legal conclusions; to the extent a response is required, the United States admits that the quoted phrase is the first sentence of paragraph 37 is correctly quoted, denies plaintiff's characterization of the cited case, avers that the cited case speaks for itself, and denies the remaining allegations in paragraph 37.

38. Paragraph 38 states legal conclusions; to the extent a response is required, the United States admits that the quoted phrase is correctly quoted from the cited statute, denies plaintiff's characterization of the cited cases and statute, avers that the cited cases and statute speak for themselves, and denies the remaining allegations in paragraph 38.

39. Paragraph 39 states a legal conclusion; to the extent a response is required, the United States denies that Joshua Jarrett created Tezos tokens and denies the remaining allegations in paragraph 39.

40. Paragraph 40 states legal conclusions; to the extent a response is required, the United States denies the allegations in paragraph 40.

41. The United States incorporates by reference its responses to the allegations in paragraphs 1 through 40 as if fully set forth herein.

42. The United States denies the allegations in paragraph 42.

43. The United States denies the allegations in paragraph 43.

WHEREFORE the United States requests that the Court deny Plaintiffs all relief they seek, dismiss the Complaint, and grant such other relief that the Court deems appropriate.

Dated: August 27, 2021

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